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WE Strategic ObjectivesI. Overall Western European Problem.

1. Western Europe is the focal point of U.S. world strategy. The loss of our major allies as well as their industrial potential would strike a severe blow to the security of the United States not only in Western Europe but throughout the world wherever our allies are maintaining their share of the anti-communist struggle (Middle-East, Malaya, Indo-China, etc.).
2. In Western Europe, Communism can still succeed in attaining control without employing Soviet military force. The continuing assistance extended by the United States since the end of the war to the countries of Western Europe under such programs as the Marshall Plan has not materially lessened the power of continental national communist forces. At most, this aid has prevented them from increasing their power.
 - a. Development of programs to strengthen Western Europe by raising its productive capacity and, concomitantly, its standard of living, is indeed essential. But these are necessarily long-range. More than a holding action is required to protect the U.S. strategic position in Western Europe.
3. At this time, there is need for a forceful, positive, and imaginative policy in the political field which will serve as a catalyst towards creating a reinvigorated Western Europe. If this can be achieved, the USSR may be forced to readjust its world strategy to counter the new world power balance.
4. To accomplish this goal, it is the belief of WE Division that the following policies are necessary:
 - a. a continuation of U.S. military and economic aid on the basis of an enduring association with Western Europe.
 - b. the development of a policy leading to closer political, economic, social, and cultural ties among the Atlantic and European powers.
 - (1) European Unification. At present, much of our effort is directed towards European unity. The greatest obstacle towards this goal is the continental fear of a resurgent Germany. In Europe, it is

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widely believed that, once unification is achieved, the U.S. will withdraw leaving the continental powers at the mercy of a dominant Germany.

(a) In a purely European organization, the German threat is bound to recur in the minds of the French and other Continentals. But if the European grouping is incorporated within a broader Atlantic political framework then the threat of Germany would be balanced by the power of the U.S. and the U.K. ✓

(b) Similarly, Britain is unlikely to participate in a strictly European organization. However, if the European unity concept is developed as part of an Atlantic political organization then the British, ever-conscious of their Commonwealth ties, will feel sufficiently protected so that they will cooperate more actively with a European group. ✓

(c) Therefore, U.S. policy should be to achieve European unification through greater stress on Atlantic Unity. ✓

(2) The concept of the Atlantic Community as a power grouping devoted to the preservation of peace would be enhanced if the political, economic, and cultural possibilities were given greater stress so that the military aspects would not be the only ones to be emphasized. In fact, at the recent Lisbon NATO conference, it was agreed that "the enduring nature of the North Atlantic Community must rest on something broader and deeper than military cooperation alone". ✓

(3) Europeans want to align themselves behind a policy that has real prospects of assuring them a better life with greater opportunity. The permanent association of the U.S. in an Atlantic political framework offers them the prospect of a more stable way of life. ✓

(4) What is needed at the present time is a policy decision that the U.S. will encourage the concept of a closer permanent association of the NATO nations along political, economic, and social lines leading towards eventual federation. ✓

It is recognized that this policy requires public support

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acceptance at home as well as abroad. The people of the U.S. must be prepared to renounce even more of our sovereignty if we are to expect the Europeans to do the same in building a closer Atlantic Community. But, this process has been developing ever since the organization of NATO.

(5) Such a decision would permit immediate exploitation of the Atlantic unity theme in all forms of propaganda. From a psychological warfare viewpoint, the Atlantic unity idea had many advantages: it is imaginative and positive, it will appeal to youth, it is European-wide in its scope - as applicable to Britain as to the Continent - and it has the further advantage of having an attraction for the more important Eastern European states like Czechoslovakia, East Germany, and Poland that have had traditional ties with the Atlantic Powers.

II. WE Country SituationsA. Scandinavia

1. The situation in Scandinavia is relatively stable at the present time. The governments of these countries have become progressively anti-communist, within their limitations. There are no particular policy changes to be recommended with respect to this area except as embodied in the proposals of preceding section I. Rather, the effort would be better expended on the crucial areas of France and Italy.

B. Benelux

1. There has been evidence of increasing neutralist sentiment throughout the various strata of Belgian public opinion. This sentiment, for example, is reflected in the hesitancy of Belgium to assume what is regarded as her proportionate share of the rearmament burden under the NATO program. There are strong indications, however, that as in the past, the solution of the present problems in France will have an important bearing on the solution of all Benelux problems.

C. France

10. 1. The French communist apparatus remains the powerful strategic force in France through which the Soviet Union is harassing French economic recovery, weakening the French and NATO Defense effort, and encouraging neutralism, all with the object of making France an undependable

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ally of the West in times of peace or war. A weakened France, that has resulted from these communist efforts, constitutes a serious threat to the security of the free world, particularly because of her key position in the defense of Western Europe.

2. Sources of Communist strength.a. Social and economic

- (1) The French Communists are virtually the only disciplined energetic and purposeful group to which some industrial and agricultural laborers can turn in order to vent their long-standing and genuine economic grievances. The series of relatively weak coalition governments since 1947 have owed their support largely to producer groups possessing limited social consciousness and have been unable to deal with historic but increasingly acute problems affecting labor's economic position - problems of restrictive production and pricing practices, low productivity, low real wages, and inequitable taxes. The Communists have exploited the resulting economic hardships.
- (2) Moreover, the fact that succeeding governments have had to undertake expensive defense measures along with the other western powers, has enabled the Communists to exploit the so-called "peace" issues as well as the neutralist and anti-U.S. tendencies.
- (3) Large numbers of Frenchmen, sharing this background, find the communist line more or less identified with their own aspirations and tend to view French Communism not as a Soviet fifth column but as a genuine national political movement.

b. Organizational

- (1) Communist Party. The CPF has 600,000 members tightly organized around a core of trained militants; some members remaining in influential posts in the national administration and national economy; about one-quarter of the total popular vote and one-sixth of the seats in the National Assembly; and a highly developed propaganda machine.

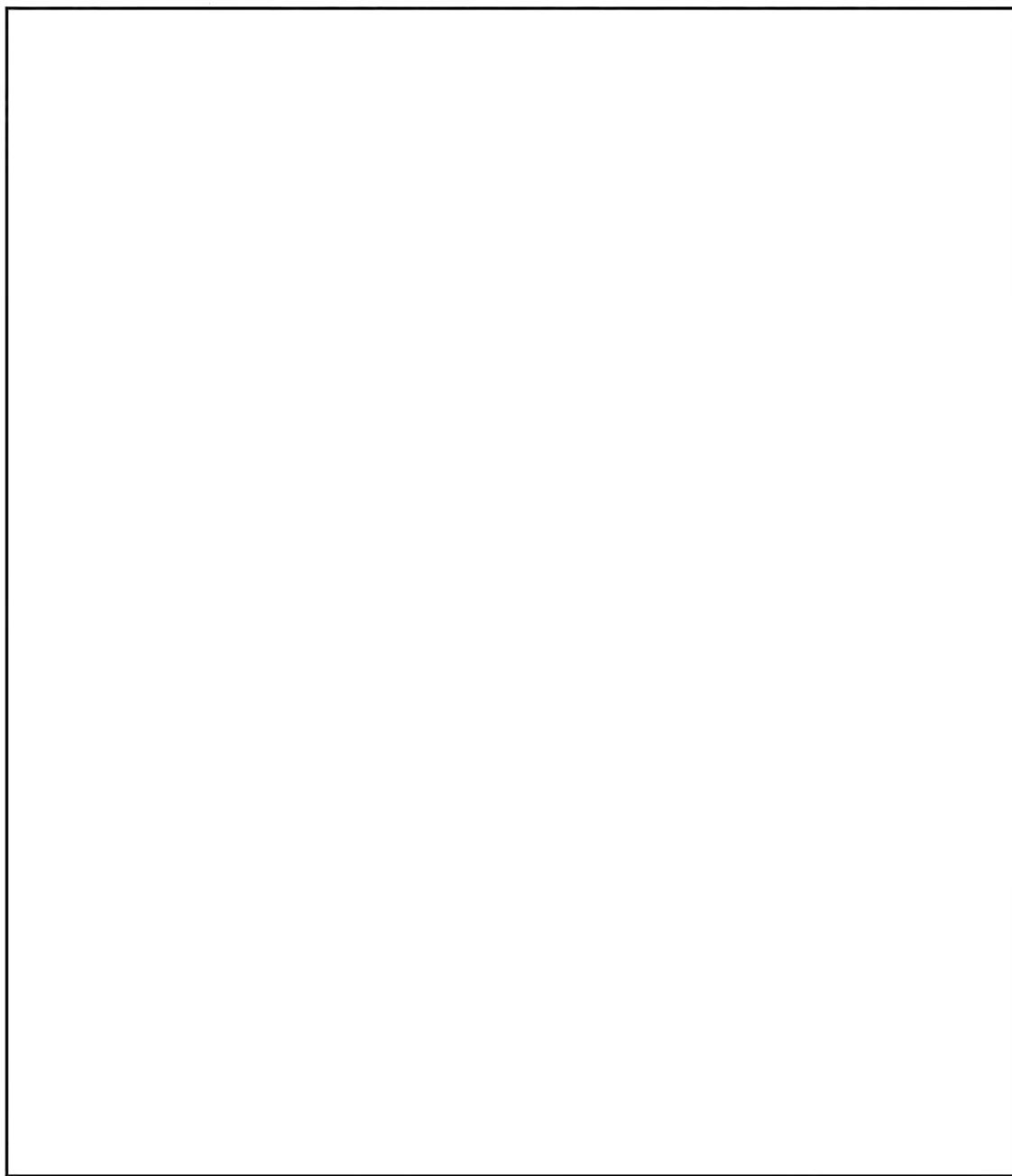
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(2) The CPF controls the CGT and consequently dominates French-organized labor. Communist-controlled unions dominate or are entrenched in nearly every strategic industry, public and private. Since under French trade union law, trade unions receive many direct or indirect subsidies, the Communist party is amply supplied through its trade union connections with funds and with thousands of paid organizers and agitators.

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D. Italy

1. Sources of Communist Strength

a. Economic:

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- (1) The long-standing distress of the mass of workers and peasants, in sharp contrast with the wealth of the small upper class, has remained. Destruction and defeat in World War II were followed by a serious post-war inflation which, until it was brought under control, heightened the distress and insecurity of the workers.
- (2) The physical destruction of the war, the high rate of population increase, poverty of natural resources, and a monopoly-ridden industrial structure have all contributed to chronic

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unemployment, under-employment, low productivity, and low real wages.

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(3) Among the 50% of Italians who work on the land, highly concentrated land ownership and dearth of investment capital has fostered a large down-trodden agricultural proletariat.

b. Social and Political

(1) The lack of social consciousness among upper-class elements has exacerbated class warfare in industry and agriculture, has slowed down the present government's reform programs (particularly in land distribution) and has caused the government to rely heavily on police action in dealing with labor and agrarian discontent.

(2) The wartime disaster and defeat left a widespread desire for peace and a reluctance to make economic sacrifices or take military risks, especially when these are regarded as competitive with social and economic reforms.

(3) Other factors contributing to communist strength are:

- (a) the absence of a strong democratic parliamentary tradition.
- (b) cultural backwardness and illiteracy
- (c) widespread cynicism toward government
- (d) a lack of citizenship responsibility
- (e) traditions of violent political action prevailing in some areas.

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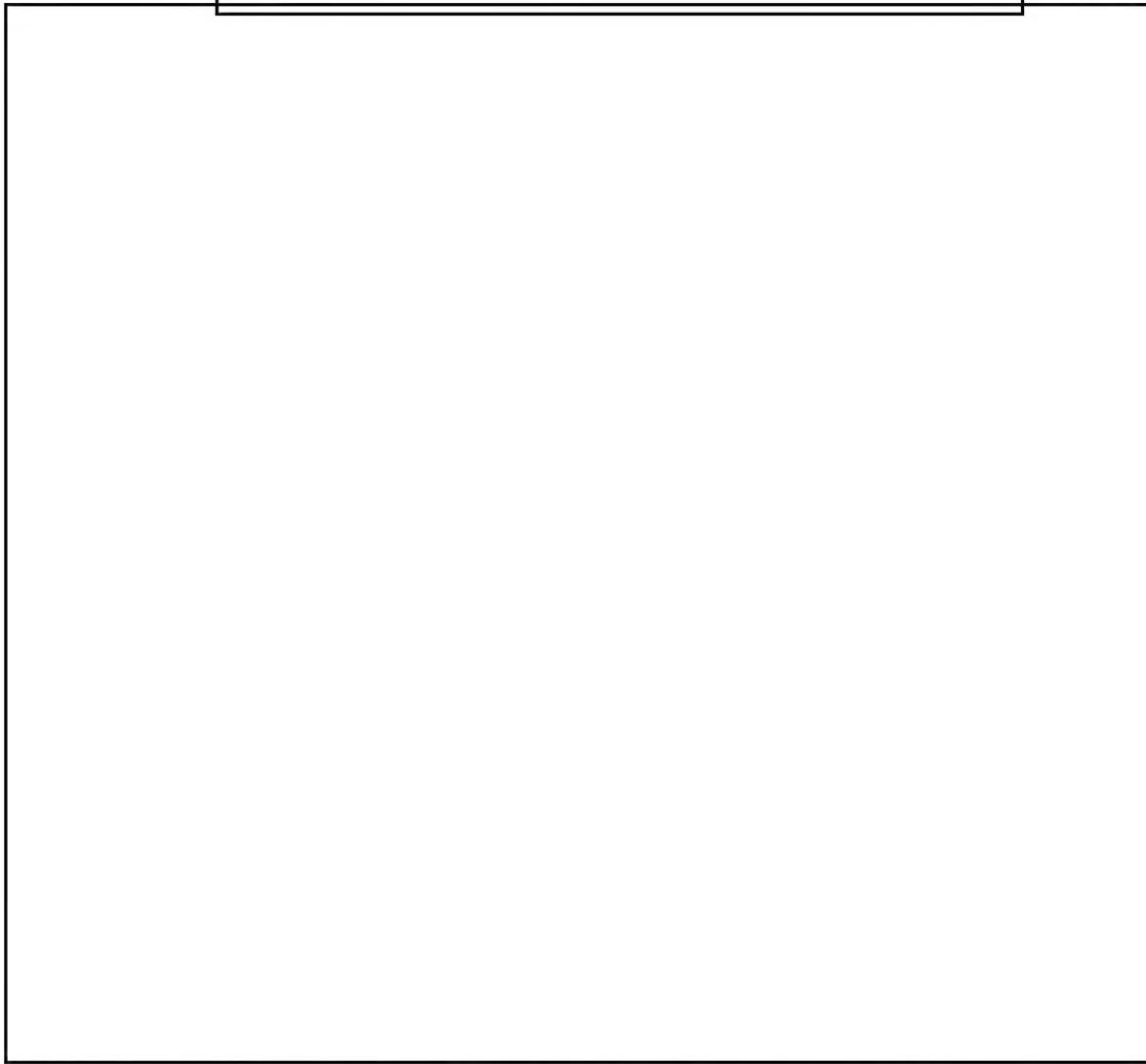
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E. Recommended U.S. policy for adoption in the crucial Franco-Italian area in order to combat the previously enumerated sources of communist strength:

1. Carry out effectively a broad program to increase industrial productivity within both countries. ✓
2. Correct the inequality of income distribution in both countries so that there is a fair sharing of the benefits of production among labor, management, and consumers. ✓
3. Develop as far as possible a selective program of social improvement in such fields as housing, labor legislation, etc. ✓

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4. Develop a program to effect a reduction in the restraints on trade. ✓
5. Eliminate communist privileges in trade union field and assist the development of a free trade union movement. ✓
6. In Italy, develop a program for further land re-distribution and agricultural reform. ✓

The following policies are primarily for foreign governmental action, but all possible U.S. support and assistance should be given towards the fulfillment of these goals.

F. Recommended policy changes to be undertaken by the U.S. Government in order to assist in the furtherance of the above recommendations:

1. A continued genuine and specific reduction in tariff and trade restrictions.
 - a. A specific example of a present restriction which is damaging the present U.S. effort is the import prohibition on cheeses. This policy has been taken by certain Western European countries as one which is specifically directed at them and as an example of U.S. unwillingness to sacrifice some of its own economic advantages. Repeal of bills of this type would further European belief in the sincere intentions of the U.S. in its economic efforts. ✓
2. A repeal of discriminatory U.S. immigration policies.
 - a. The full enforcement of the McCarran Act has hampered OPC activities in several instances where the use of ex-communists located in foreign countries has been denied through strict enforcement of the Act. ✓
 - b. U.S. immigration restrictions on Italians has worked a strong hardship on the present government in its efforts to resettle the growing surplus population. If this policy cannot be amended then U.S. policy should be directed towards effecting a resettlement of these people in other areas, thereby assisting Italy in solving this most crucial problem. ✓

III. OPC division-wide capabilities in supporting a program to carry out the foregoing recommendations are generally as follows:

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